



**COUNTY OF LOS ANGELES  
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October 5, 2012

TO: Supervisor Zev Yaroslavsky, Chairman  
Supervisor Gloria Molina  
Supervisor Mark Ridley-Thomas  
Supervisor Don Knabe  
Supervisor Michael D. Antonovich

FROM: Wendy L. Watanabe  
Auditor-Controller *Wendy Watanabe*

SUBJECT: **TO HELP EVERYONE CLINIC, INC. – A DEPARTMENT OF PUBLIC  
HEALTH HIV/AIDS CARE AND PREVENTION SERVICE PROVIDER –  
CONTRACT COMPLIANCE REVIEW**

We completed a review of To Help Everyone Clinic, Inc. (T.H.E. Clinic or Agency), which covered a sample of transactions from March 2011 through February 2012. The County Department of Public Health (DPH) Division of HIV and STD Programs (DHSP) contracts with T.H.E. Clinic, a non-profit organization, to provide HIV/AIDS outpatient medical treatment, mental health psychiatry, case management, and supportive services.

The purpose of our review was to determine whether T.H.E. Clinic appropriately accounted for and spent DHSP funds to provide the services outlined in their County contracts. We also evaluated the Agency's accounting records, internal controls, and compliance with their contracts and other applicable guidelines.

At the time of our review, T.H.E. Clinic had four cost-reimbursement contracts with DPH. DPH paid the Agency approximately \$303,000 from March 2011 through February 2012. T.H.E. Clinic provides services to residents of the Second Supervisorial District.

**Results of Review**

T.H.E. Clinic provided services to eligible individuals, maintained the required personnel records, and appropriately charged expenditures to DPH. In addition, T.H.E. Clinic's

Cost Reports reconciled to the Agency's accounting records, and their Cost Allocation Plan was prepared in compliance with the County contracts, and was used to allocate shared costs appropriately. We have no findings or recommendations for the Agency.

**Review of Report**

We discussed our report with T.H.E. Clinic and DPH on September 11, 2012. T.H.E. Clinic is not required to submit a response to this report because there are no findings or recommendations.

We thank T.H.E. Clinic management for their cooperation and assistance during our review. Please call me if you have any questions, or your staff may contact Don Chadwick at (213) 253-0301.

WLW:JLS:DC:AA:JS

c: William T Fujioka, Chief Executive Officer  
Jonathan E. Fielding, M.D., M.P.H., Director, Department of Public Health  
Beverly Davis, Board President, T.H.E. Clinic  
Risë K. Phillips, Chief Executive Officer, T.H.E. Clinic  
Public Information Office  
Audit Committee

**TO HELP EVERYONE CLINIC, INC.  
HIV/AIDS PREVENTION AND CARE SERVICES  
CONTRACT COMPLIANCE REVIEW  
MARCH 2011 TO FEBRUARY 2012**

**ELIGIBILITY**

**Objective**

Determine whether To Help Everyone Clinic, Inc. (T.H.E. Clinic or Agency) provided services to clients who met the Department of Public Health (DPH) Division of HIV and STD Program (DHSP) eligibility requirements.

**Verification**

We reviewed the case files for 17 (6%) of the 294 clients who received services from March 2011 to February 2012 for documentation to confirm their eligibility for DHSP services.

**Results**

T.H.E. Clinic had documentation to support all 17 clients' eligibility for DHSP services.

**Recommendation**

**None.**

**CASH/REVENUE**

**Objective**

Determine whether T.H.E. Clinic recorded revenue in the Agency's financial records properly, deposited cash receipts into the Agency's bank accounts timely, and prepared bank account reconciliations appropriately, including management approval of the reconciliations.

**Verification**

We interviewed T.H.E. Clinic management, and reviewed their financial records and February 2012 bank reconciliations.

**Results**

T.H.E. Clinic recorded revenue in their financial records properly, deposited DPSS payments into the Agency's bank account timely, and prepared monthly bank reconciliations appropriately.

**Recommendation**

None.

**EXPENDITURES/PROCUREMENT**

**Objective**

Determine whether expenditures charged to DPH were allowable under their County contracts, properly documented, and accurately billed.

**Verification**

We interviewed T.H.E. Clinic personnel, and reviewed financial records for \$9,058 in non-payroll expenditures that the Agency charged to DPH from April 2011 to January 2012.

**Results**

T.H.E. Clinic's non-payroll expenditures were allowable, properly documented, and accurately billed.

**Recommendation**

None.

**PAYROLL AND PERSONNEL**

**Objective**

Determine whether T.H.E. Clinic charged payroll costs to DPH appropriately and maintained personnel files as required.

**Verification**

We traced the January 2012 payroll costs for five employees, totaling \$10,171, to the Agency's payroll records and time reports. We also interviewed staff, and reviewed the personnel files for five T.H.E. Clinic staff.

**Results**

T.H.E. Clinic appropriately charged payroll costs to DPH and maintained personnel files as required.

**Recommendation**

None.

**COST ALLOCATION PLAN**

**Objective**

Determine whether T.H.E. Clinic prepared its Cost Allocation Plan (Plan) in compliance with their County contracts, and used the Plan to allocate shared costs appropriately.

**Verification**

We reviewed the Agency's Cost Allocation Plan, and a sample of expenditures from April 2011 through January 2012.

**Results**

T.H.E. Clinic's Cost Allocation Plan was prepared in compliance with their County contracts, and the Agency allocated their shared costs appropriately.

**Recommendation**

None.

**COST REPORTS**

**Objective**

Determine whether T.H.E. Clinic had any unspent revenue that should be returned to DPH.

**Verification**

We traced T.H.E. Clinic's Cost Reports for March 2011 through February 2012 to the Agency's accounting records, and to DPH's payment records.

**Results**

T.H.E. Clinic did not have any unspent revenue.

**Recommendation**

None.